weekly economic review

March 14, 2014

New Housing Price Index

Calgary surges ahead

In January, the New Housing Price Index (NHPI) in Alberta rose 0.6% from the previous month and by 3.2% year-over-year (y/y). Alberta's NHPI has grown at a faster rate than the national average since February 2013 (see chart), after lagging in all other months following the recession. At the city level, Calgary continues to lead the way. The city's NHPI was 7.0% higher in February than the same month last year, the largest year-over-year increase since July 2007 and outpacing all other major Canadian cities. The next largest increases were in Regina and Saskatchewan, both up 3.5%. In Edmonton, the NHPI dropped by 0.2% y/y for the second straight month. New housing prices in Edmonton have stayed relatively flat since mid-2010.

New Motor Vehicle Sales

Slower start to 2014

After jumping in 2013, new motor vehicle sales (in units) stalled in January, down 1.8% from the same month last year. Passenger vehicle sales (-11.4% y/y) caused the drop, as trucks sales held fairly steady.

Housing Starts

Taking a small break

In February, Alberta saw 35,700 housing starts as measured on a seasonally adjusted annual basis. This is down 9.3% from January and the lowest level since September, but still 3.9% higher than the same month last year. Calgary continues to drive new housing investment in Alberta, with the city's starts jumping 38.9% from February 2013, the second consecutive month of large double digit gains. Edmonton starts declined 22.0% over the same period.

Nationally, starts rebounded to 192,100 in February from the previous month's 180,500, up 6.9% y/y.

International Trade

South Korea and Canada reach free trade agreement

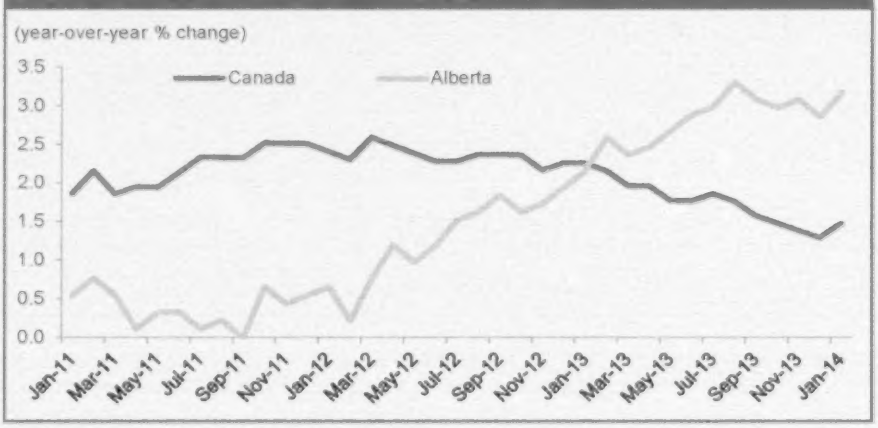
South Korea and Canada agreed to a free trade agreement after nearly 10 years of negotiations. The agreement will eliminate tariffs on nearly all goods within 12 years of the deal coming into effect. The agreement will be especially beneficial to producers of beef, seafood and wood products, as these goods currently face high tariffs that will eventually be eliminated under the deal. The deal will also eliminate a 6.1% tariff on automobile imports into Canada. Canadian goods exports to South Korea totalled $3.4 billion in 2013, of which roughly $0.5 billion came from Alberta.

National Balance Sheet Accounts

Foreign assets exceed liabilities for first time since 1926

National net worth increased 2.7% in the fourth quarter to $7.7 trillion, or $218,500 per capita. Some of this increase was due to an improvement in net foreign assets thanks to relatively stronger foreign equity markets and a lower Canadian dollar. Net foreign assets rose above zero for the first time since 1926, when the data started. The ratio of household-debt-to-disposable-income declined by 0.2 percentage points to 166.1% in the fourth quarter.

Growth in New Housing Price Index



Source: Statistics Canada

Closing Price	Mar 6, 2014	Mar 12, 2014	2013-14 Fiscal YTD
Canadian Dollar (US¢/$CAN)	91.19	89.83	95.22
WTI Oil ($US/bbl)	101.56	97.99	99.02
NYMEX Natural Gas($US/MMBtu)	4.66	4.49	4.01

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Alberta Economic Indicators

Population[1]	2012	2013	2014YTD	Sept	Oct	Nov	Dec	Jan	Feb
Population (000's)	3,889	4,025	4,061	--	4,061	--	--	--	--
y/y % change	2.6	3.5	3.5	--	3.5	--	--	--	--
Net Interprovincial Migration	27,652	52,677	10,269	--	10,269	--	--	--	--
Net International Migration	40,842	52,551	16,436	--	16,436	--	--	--	--
Net Non-permanent Residents	10,085	19,560	8,213	--	8,213	--	--	--	--
Labour Market									
Employment (000's), SA	2,150	2,211	2,253	2,236	2,235	2,246	2,237	2,243	2,262
y/y % change	2.7	2.9	3.5	3.8	3.5	3.5	3.1	3.2	3.8
Unemployment Rate (%), SA	4.6	4.6	4.5	4.4	4.5	4.7	4.8	4.6	4.3
Participation Rate (%), SA	73.4	73.1	73.0	73.1	73.0	73.3	72.9	72.8	73.1
Average Weekly Earnings ($), SA	1,072.75	1111.68p	--	1114.41	1126.96	1134.55	1145.63	--	--
y/y % change	3.6	3.6p	--	2.6	3.3	4.0	4.6	--	--
Price Indices									
Consumer Price Index (y/y % change)	1.1	1.4	2.7	1.3	1.0	1.7	2.1	2.7	--
Excluding food and energy	1.4	1.4	2.1	1.5	1.6	1.5	1.9	2.1	--
Non-Res. Building Cons. Price Index[2] (y/y % change)	3.8	1.2	--	1.2	--	--	1.3	--	--
Farm Product Price Index (y/y % change)	6.8	4.5	--	2.6	-0.9	-4.4	-5.4	--	--
Crops	8.0	4.3	--	-5.7	-10.1	-12.3	-16.1	--	--
Livestock	5.7	4.5	--	10.0	9.0	5.3	5.5	--	--
Household Sector									
NEW! Housing Starts (SAAR, 000's)	33.4	36.0	37.5	31.2	38.2	43.2	36.2	39.4	35.7
y/y % change	29.9	7.8	15.4	-8.2	14.2	9.9	18.8	28.3	3.9
NEW! New Housing Price Index[3] (y/y % change)	1.3	2.8	3.2	3.1	3.0	3.1	2.9	3.2	--
Edmonton	0.9	0.4	-0.2	0.2	0.3	0.0	-0.2	-0.2	--
Calgary	1.7	5.3	7.0	6.3	6.1	6.5	6.1	7.0	--
MLS Average Resale Prices ($ 000's)	362.0	380.2	397.3	383.4	381.5	388.6	389.7	397.3	--
y/y % change	2.6	5.0	7.3	7.5	3.9	5.3	4.7	7.3	--
Edmonton ($ 000's)	332.7	343.8	355.0	347.5	339.2	347.2	356.9	355.0	--
y/y % change	2.6	3.3	6.2	8.2	1.4	2.5	5.3	6.2	--
Calgary ($ 000's)	410.8	436.6	455.8	439.0	439.8	449.3	449.5	455.8	--
y/y % change	2.2	6.3	5.8	8.5	4.2	7.7	4.5	5.8	--
Retail Sales, SA (y/y % change)	6.9	6.6	--	6.5	6.6	6.6	7.3	--	--
NEW! New Motor Vehicle Sales (y/y % change)	10.5	6.2	-1.8	2.1	6.5	5.3	7.9	-1.8	--
Consumer Bankruptcies	5759	4689	--	375	383	323	284	--	--
y/y % change	18.1	-18.6	--	10.9	21.7	-23.1	-17.9	--	--
Business Sector									
Rigs Drilling	250	235	398	251	239	233	259	392	403
y/y % change	-12.6	-5.9	0.8	9.6	1.0	-9.8	-9.9	6.7	4.4
Goods Exports, customs based (y/y % change)	2.8	-7.7	12.5	15.6	18.0	13.9	14.5	12.5	--
Energy	-3.6	-10.5	15.3	24.2	24.7	18.1	21.6	15.3	--
Farm, Fishing and Intermediate Food	20.6	-8.3	6.3	-27.5	-14.4	-3.6	-18.1	-6.3	--
Farm Cash Receipts (quarterly, y/y % change)	15.8	2.1 YTD	--	3.4	--	--	--	--	--
Manufacturing Shipments, SA (y/y % change)	3.4	1.8	--	1.0	5.6	6.3	4.8	--	--
Wholesale Trade, SA (y/y % change)	10.8	2.1	--	1.2	5.0	1.1	0.2	--	--
Building Permits, SA (y/y % change)	14.8	17.7	49.2	32.5	24.7	-6.9	10.7	49.2	--
Residential	18.2	19.0	54.2	41.2	39.1	15.6	23.3	54.2	--
Non-residential	10.7	16.1	41.2	18.5	5.5	-29.7	-4.4	41.2	--
Business Bankruptcies	230	137	--	13	15	8	14	--	--
y/y % change	-12.9	-40.4	--	-38.1	-16.7	-46.7	-12.5	--	--

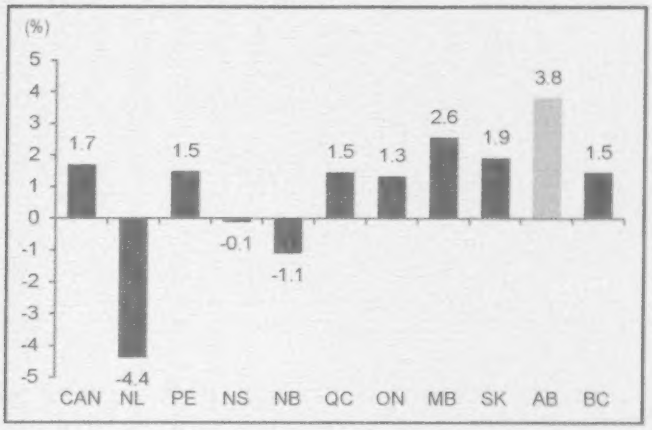
1 Quarterly; annual numbers are presented on a census year basis (July 1 – June 30)
2 Quarterly, average of Calgary and Edmonton
3 Average of Calgary and Edmonton
YTD (year-to-date) represents the change since the beginning of the year compared to the same period in the previous year. "SA" denotes seasonally adjusted. "SAAR" denotes seasonally adjusted at annual rate.

p denotes a preliminary annual number.
Sources: All data are from Statistics Canada except Housing Starts (Canada Mortgage and Housing Corporation), MLS Average Resale Prices (Canada Real Estate Association), Rigs Drilling (Canadian Association of Oilwell Drilling Contractors) and Bankruptcies (office of the superintendent of Bankruptcy Canada).

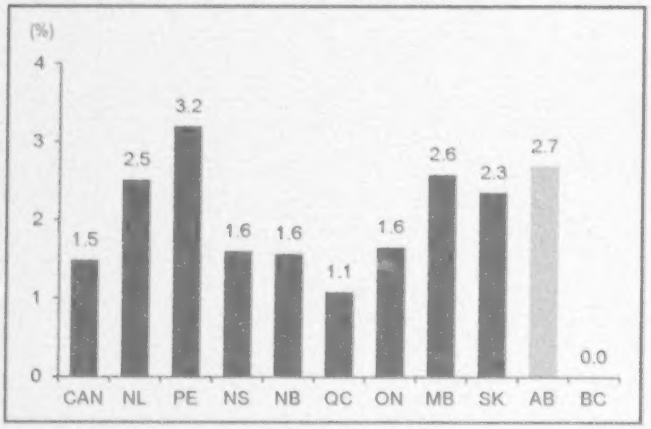
All historical data are subject to revision.

Economic Indicators by Province

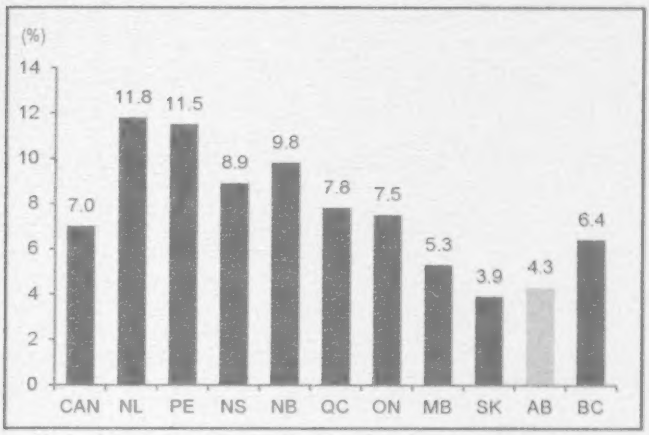
Real GDP at Market Prices
(2012, year-over-year growth)



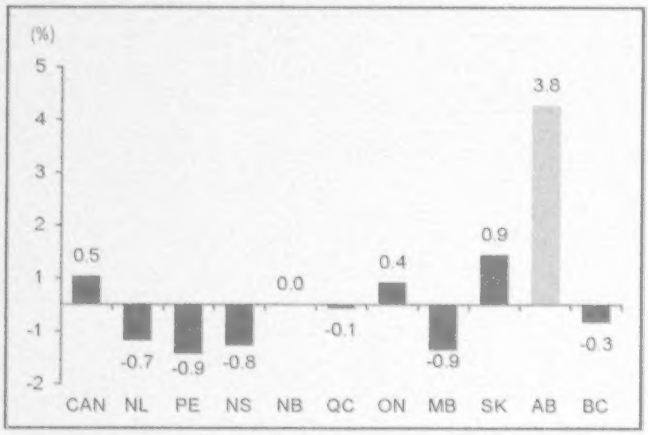
CPI Inflation
(January 2014, year-over-year growth)



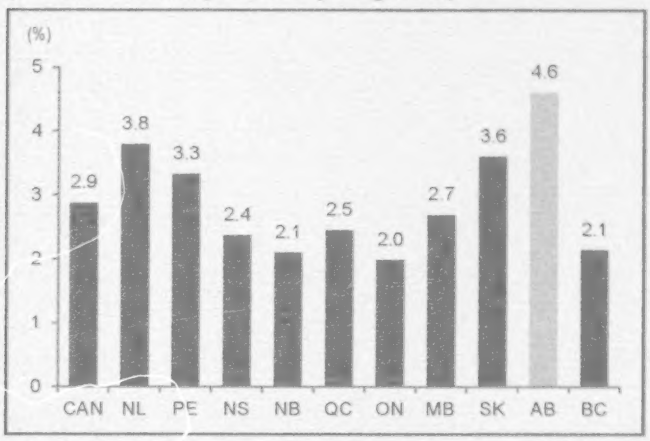
Unemployment Rate
(February 2014)



Employment
(February 2014, year-over-year growth)



Average Weekly Earnings
(December 2013, year-over-year growth)



Housing Starts
(February 2014, SAAR, year-over-year growth)